NEWS RELEASE
NASDAQ: NVCN
TSX: NVC

Neovasc Reports Third Quarter Results for 2016

Vancouver, BC, Canada – November 14, 2016 – Neovasc Inc. ("**Neovasc**" or the "**Company**") (NASDAQ: NVCN) (TSX: NVC) today announced financial results for the quarter ended September 30, 2016 (all figures in US dollars unless otherwise indicated).

"While the Company has faced litigation headwinds, we remain committed to advancing our core technologies in order to provide new treatments for patients suffering from advanced heart disease," commented Neovasc CEO, Alexei Marko. "Reducer continues to demonstrate its clinical relevance with a seventh consecutive quarter of sales growth and Tiara's clinical results and physician feedback continue to be very encouraging as we advance the product towards commercialization in order to provide a new treatment for mitral valve disease".

CardiAQ Litigation Update
Subsequent to the quarter's end, the findings of the Federal District Court regarding several post-trial motions stemming from a trial jury's verdict in May 2016 were announced. CardiAQ filed suit against Neovasc in the United States District Court for the District of Massachusetts in 2014. The order ruled in favor of CardiAQ on the issue of inventorship of Neovasc's '964 Patent. At the same time, the judge denied CardiAQ's motion for an injunction that would have shut down the development of Tiara™, thus allowing Neovasc to continue development and commercialization of Tiara, while also denying Neovasc's motions for a new trial. The judge upheld the jury's verdict and US$70 million award against Neovasc, and awarded US$21 million in enhanced damages to that award. Interest costs and fees may be due on any award granted by the court.

The Company intends to continue to vigorously defend itself in the litigation with CardiAQ and as such the outcome of these matters, including whether the Company will be required to pay some or all of the US$91 million awards, is not currently determinable. Upon entry of a judgment by the trial court, Neovasc will immediately seek to stay the payment of the US$91 million damages awards, until after an appeal to the United States Court of Appeals for the Federal Circuit is complete. The Company will appeal the validity of the awards, as well as the ruling on inventorship. The appellate process may take up to a year to complete.

Litigation is inherently uncertain. Therefore, until these matters have been resolved to their ultimate conclusion by the appropriate courts, the Company cannot give any assurances as to the outcome. If the Company is unsuccessful in its defense of these claims, including any appeal of the verdict in the litigation with CardiAQ, or is unable to settle the claims in a manner satisfactory to the Company, it may be faced with significant monetary damages that could exceed its resources, the loss of intellectual property rights and damage to its competitive position. These circumstances indicate the existence of material uncertainty and cast substantial doubt about the Company's ability to continue as a going concern. Additional information regarding the ongoing litigation can be found in Management's Discussion and Analysis of Financial Condition and Results of Operations for the three and nine months ended September 30, 2016 and 2015, which is available on the Company's website at www.neovasc.com and on SEDAR at www.sedar.com and EDGAR at www.sec.gov.

Results for the three months ended September 30, 2016 and 2015

Revenues
Revenues for the three months ended September 30, 2016 were $3,034,000 compared to revenues of $2,473,687 for the same period in 2015, an increase of 23%. The Company is focusing its business away from its traditional revenue streams towards development and commercialization of its own products, the Neovasc Reducer™ and the Tiara. The Company started its sales of the Reducer in the first quarter of 2015 as it initiated its focused commercialization of the product in Europe.

Sales of the Reducer for the three months ended September 30, 2016 were $262,546, compared to $159,394 for the same period in 2015, representing an increase of 65%. The Reducer has seen steady quarter over quarter revenue growth since its launch in the first quarter of 2015. The success of the commercialization of the Reducer will be dependent on the amount of internal resources allocated to the product, obtaining appropriate reimbursement codes in various territories and correctly managing the referrals process.

Revenues from consulting services for the three months ended September 30, 2016 were $1,227,938, compared to $1,566,729 for the same period in 2015, representing a decrease of 22%. The Company anticipates that its consulting services revenue will decline in the long term as its consulting customers continue to transition to becoming contract manufacturing customers or cease being customers as they move manufacturing in house. To highlight this trend, the Company reports that a contract with a customer representing approximately 5% of year to date revenue is in the process of being wound up and will terminate at the end of 2016. Contract manufacturing revenues for the three months ended September 30, 2016 were $1,543,516, compared to $737,336 for the same period in 2015, representing an increase of 109%. The increase in revenue for the three months ended September 30, 2016 compared to the same period in 2015 is primarily due to the clearing of temporary delay in shipping to a single customer during the period.

Cost of Goods Sold

The cost of goods sold for the three months ended September 30, 2016 was $2,201,440, compared to $1,573,068 for the same period in 2015. The overall gross margin for the three months ended September 30, 2016 was 27%, compared to 36% gross margin for the same period in 2015. The decrease in the margin can be attributed to an increase in the cost of sales for contract manufacturing, and a change in product mix toward lower margin contract manufacturing product. The Company has also seen its consulting services revenue margins decline as its ability to charge higher fees for these services has decreased as the transcatheter aortic valve market has matured. In addition, the Company is experiencing higher cost of goods sold as it has implemented a rigorous commercial stage quality system required to meet the expectations of its more advanced customers. These increases are not productive improvements and result in an overall downward trend in margins.

Expenses

Total expenses for the three months ended September 30, 2016 were $8,418,400, compared to $9,575,631 for the same period in 2015, representing a decrease of $1,157,231 or 9%. The decrease in total expenses for the three months ended September 30, 2016 compared to the same period in 2015 reflects a $1,086,141 decrease in general and administrative expenses, a $166,061 decrease in product development and clinical trial expenses, and a $94,971 increase in sales and marketing expenses as the Company expands its commercialization activities of the Reducer in Europe.

Selling expenses for the three months ended September 30, 2016 were $208,884, compared to $113,913 for the same period in 2015, representing an increase of $94,971, or 83%. The increase in selling expenses for the three months ended September 30, 2016 compared to the same period in 2015 reflects an increase in costs incurred for commercialization activities related to the Reducer. The Company expects to continue to increase its selling expenses in 2016 as it continues its commercialization of the Reducer in select countries in Europe.

General and administrative expenses for the three months ended September 30, 2016 were $3,466,825, compared to $4,552,966 for the same period in 2015, representing a decrease of $1,086,141 or 24%. The decrease in general and administrative expenses for the three months ended September 30, 2016 compared to the same period in 2015 can be substantially explained by a $923,541 decrease in litigation expenses and a decrease in other expenses of $162,600.

Product development and clinical trial expenses for the three months ended September 30, 2016 were $4,742,691, compared to $4,908,752 for the same period in 2015, representing a decrease of $166,061, or 3%. The decrease in product development and clinical trial expenses for the three months ended September 30, 2016 was due to a $465,210 decrease in other research and development expenses and a $253,761 decrease in share-based payments, offset by a $498,480 increase in cash-based employee expenses as the Company hired additional staff to advance product development and a $54,430 increase in depreciation.

Other Loss

The other loss for the three months ended September 30, 2016 was $21,461,950, compared to other income of $1,041,842 for the same period in 2015. As at September 30, 2016 the Company recognized a damages provision of $21 million for enhanced damages on certain trade secret claims made by CardiAQ (see “Contractual Obligations and Contingencies” in the Management’s Discussion and Analysis of Financial Condition and Results of Operations). In addition, during the three months ended September 30, 2016 the Company had an increase in foreign exchange and unrealized losses of $1,377,935 and a decrease in interest income of $125,857 compared to the same period in 2015.

Losses

The operating losses and comprehensive losses for the three months ended September 30, 2016 were $29,135,086 and $28,836,990, respectively, or $0.44 basic and diluted loss per share, as compared with losses of $7,633,170 and $12,851,490, or $0.11 basic and diluted loss per share for the same period in 2015. The $21,501,916 increase in the operating loss incurred for the three months ended September 30, 2016 compared to the same period in 2015 consists of a $21,000,000 damages provision related to the judge award against the Company in its litigation with CardiAQ, in a $1,377,935 increase in foreign exchange and unrealized losses, a $125,857 decrease in interest income, a $94,971

increase in selling expenses, a $87,296 increase in tax expenses, partially offset by a $1,086,141 decrease in general and administrative expenses and a $166,061 decrease in product development and clinical trial expenses.

Litigation expenses for the three months ended September 30, 2016 represent a loss of $0.03 basic and diluted loss per share compared to a loss of $0.04 basic and diluted loss per share for the same period in 2015. To date, the Company has incurred significant costs in defending itself in lawsuits filed by CardiAQ. Total litigation expenses since the initial claims were filed in June 2014 are approximately $19.6 million and the Company expects that it may require an additional $5 million to cover additional litigation expenses up to and including appellate court, if applicable (see "Contractual Obligations and Contingencies" in the Management's Discussion and Analysis of Financial Condition and Results of Operations).

Discussion of Liquidity and Capital Resources

Neovasc finances its operations and capital expenditures with cash generated from operations, lines of credit and equity financings. As at September 30, 2016 the Company had cash and cash equivalents of $25,480,683 compared to cash and cash equivalents of $55,026,171 as at December 31, 2015.

Cash used in operating activities for the three months ended September 30, 2016 was $11,117,649, compared to $6,916,065 for the same period in 2015. Cash expenditures on litigation (litigation expenses less change in accounts payable related to litigation) were $4,309,062 and within accounts payable there was $975,644 of litigation expenses incurred but not paid for in connection with the litigation with CardiAQ that will be paid in the following quarter. Cash expenditures on research and development and clinical trials (expenses less share based payments and depreciation) were $4,321,501 as the Company furthered the development of the Tiara and the Reducer and cash expenditures on general and administrative expenses were $3,250,436. Inventory decreased by $510,269 during the period due to increased sales and corresponding shipments occurring close the end of the period

The Company's working capital, excluding the $91 million damages provision in connection with the litigation with CardiAQ, is $27,470,257 as at September 30, 2016 compared to $54,274,867 as at December 31, 2015.

Unless the Company is successful in an appeal of the verdict, or otherwise is successful in reducing the amount of the $91 million awards, the Company will require significant additional financing in order to pay the damages and to continue to operate its business. There can be no assurance that such financing will be available on favorable terms, or at all. These circumstances indicate the existence of material uncertainty and cast substantial doubt about the Company's ability to continue as a going concern.

Outstanding Share Data

As at November 14, 2016, the Company had 66,866,345 common shares issued and outstanding. Further, the following securities are convertible into common shares of the Company: 7,976,482 stock options with a weighted average price of C$3.95. The fully diluted share capital of the Company at November 14, 2016 is 74,842,827.

All financial information is prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and is expressed in U.S. dollars.

Neovasc's unaudited condensed interim consolidated financial statements and notes thereto for the three and nine months ended September 30, 2016 and 2015 as well as Management's Discussion and Analysis of Financial Condition and Results of Operations will be posted on the Company's website at www.neovasc.com and will be filed on SEDAR at www.sedar.com and EDGAR at www.sec.gov. In addition to the summary contained herein, readers are encouraged to review the unaudited condensed interim consolidated financial statements and notes thereto for the three and nine months ended September 30, 2016 and 2015 as well as the related Management's Discussion and Analysis of Financial Condition and Results of Operations.

Conference Call and Webcast Information

Neovasc will be hosting a conference call today at 4:30 pm ET to discuss these results. To participate in the conference, dial 888 390 0546 or 416 764 8688. A recording of the call will be available for 72 hours by calling 888 390 0541 or 416 764 8677 and using passcode 981053#. A link to the live and archived audio webcast of the conference call will also be available on the Presentations and Events page of the Investors section of Neovasc's website at www.neovasc.com.

NEOVASC INC.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in U.S. dollars) (Unaudited)

	September 30, 2016	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	**$ 25,480,683**	$ 55,026,171
Accounts receivable	**2,979,007**	1,736,941
Inventory	**1,058,741**	598,136
Prepaid expenses and other assets	**401,969**	146,590
Total current assets	**29,920,400**	57,507,838
Non-current assets		
Property, plant and equipment	**3,918,622**	3,720,556
Total non-current assets	**3,918,622**	3,720,556
Total assets	**$ 33,839,022**	$ 61,228,394
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 2,450,143**	$ 3,232,971
Damages provision	**91,000,000**	-
Total current liabilities and total liabilities	**93,450,143**	3,232,971
Equity		
Share capital	**161,658,013**	161,505,037
Contributed surplus	**22,302,536**	20,569,110
Accumulated other comprehensive loss	**(4,574,273)**	(8,790,011)
Deficit	**(238,997,397)**	(115,288,713)
Total equity	**(59,611,121)**	57,995,423
Total liabilities and equity	**$ 33,839,022**	$ 61,228,394

NEOVASC INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three and nine months ended September 30,
(Expressed in U.S. dollars) (Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	**2016**	2015
REVENUE				
Reducer	**$ 262,546**	$ 159,394	**$ 722,433**	$ 334,399
Product sales	**-**	10,228	**-**	353,736
Contract manufacturing	**1,543,516**	737,336	**2,391,136**	2,273,114
Consulting services	**1,227,938**	1,566,729	**3,638,105**	4,744,645
	3,034,000	2,473,687	**6,751,674**	7,705,894
COST OF GOODS SOLD	**2,201,440**	1,573,068	**5,038,792**	4,995,994
GROSS PROFIT	**832,560**	900,619	**1,712,882**	2,709,900
EXPENSES				
Selling expenses	**208,884**	113,913	**554,905**	363,213
General and administrative expenses	**3,466,825**	4,552,966	**16,721,354**	10,414,394
Product development and clinical trials expenses	**4,742,691**	4,908,752	**14,530,513**	12,620,440
	8,418,400	9,575,631	**31,806,772**	23,398,047
OPERATING LOSS	**(7,585,840)**	(8,675,012)	**(30,093,890)**	(20,688,147)
OTHER (EXPENSE)/INCOME				
Interest income	**25,723**	151,580	**161,522**	470,011
Interest expense	**-**	-	**-**	(2,538)
Damages provision	**(21,000,000)**	-	**(91,000,000)**	-
Gain/(loss) on foreign exchange	**88,584**	890,262	**(2,014,669)**	873,792
Unrealized loss on damages provision	**(576,257)**	-	**(576,257)**	-
	(21,461,950)	1,041,842	**(93,429,404)**	1,341,265
LOSS BEFORE TAX	**(29,047,790)**	(7,633,170)	**(123,523,294)**	(19,346,882)
Tax expense	**(87,296)**	-	**(185,390)**	-
LOSS FOR THE PERIOD	**$ (29,135,086)**	$ (7,633,170)	**$(123,708,684)**	$(19,346,882)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD				
Exchange difference on translation	**(278,161)**	(5,218,320)	**3,639,481**	(6,476,684)
Unrealized loss on damages provision	**576,257**	-	**576,257**	-
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**$ (28,836,990)**	$(12,851,490)	**$ (119,492,946)**	$(25,823,566)
LOSS PER SHARE				
Basic and diluted loss per share	**$ (0.44)**	$ (0.11)	**$ (1.85)**	$ (0.30)

NEOVASC INC.
Condensed Interim Consolidated Statements of Cash Flows
For the three and nine months ended September 30,
(Expressed in U.S. dollars) (Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	**2016**	2015
OPERATING ACTIVITIES				
Loss for the period	**$ (29,135,086)**	$ (7,633,170)	**$(123,708,684)**	$ (19,346,882)
Adjustments for:				
Depreciation	**215,108**	133,157	**562,088**	337,484
Share-based payments	**580,221**	877,434	**1,811,210**	3,197,828
Damages provision	**21,000,000**	-	**91,000,000**	-
Accounts receivable write down	**697**	-	**5,556**	-
Interest income	**(25,723)**	(151,580)	**(161,522)**	(502,498)
Interest expense	**-**	-	**-**	2,538
	(7,364,783)	(6,774,159)	**(30,491,352)**	(16,311,530)
Net change in non-cash working capital items:				
Accounts receivable	**(980,522)**	(427,432)	**(1,154,457)**	(234,323)
Inventory	**510,269**	(241,663)	**(409,886)**	(262,433)
Prepaid expenses and other assets	**20,642**	161,823	**(234,565)**	(22,441)
Accounts payable and accrued liabilities	**(3,326,228)**	101,286	**(940,349)**	776,126
	(3,775,839)	(405,986)	**(2,739,257)**	256,929
Interest paid and received:				
Interest received	**22,974**	264,080	**159,294**	485,978
Interest paid	**-**	-	**-**	(2,538)
	22,974	264,080	**159,294**	483,440
Net cash applied to operating activities	**(11,117,648)**	(6,916,065)	**(33,071,315)**	(15,571,161)
INVESTING ACTIVITES				
Redemption of guaranteed investment certificates	**-**	6,186,656	**-**	9,322,492
Purchase of property, plant and equipment	**(15,174)**	(467,512)	**(546,709)**	(1,734,646)
Net cash (applied to)/received from investing activities	**(15,174)**	5,719,144	**(546,709)**	7,587,846
FINANCING ACTIVITIES				
Repayment of long-term debt	**-**	-	**-**	(164,364)
Proceeds from share issue pursuant to an underwritten public offering, net of share issue costs	**-**	-	**-**	69,879,210
Proceeds from exercise of options	**-**	8,583	**75,192**	915,124
Net cash received from financing activities	**-**	8,583	**75,192**	70,629,970
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(11,132,822)**	(1,188,338)	**(33,542,832)**	62,646,655
CASH AND CASH EQUIVALENTS				
Beginning of the period	**36,277,793**	68,669,545	**55,026,171**	5,193,561
Exchange difference on cash and cash equivalents	**335,712**	(4,692,523)	**3,997,344**	(5,051,532)
End of the period	**$ 25,480,683**	$ 62,788,684	**$ 25,480,683**	$ 62,788,684
Represented by:				
Cash	**14,390,173**	12,939,671	**14,390,173**	12,939,671
Cashable high interest savings accounts	**11,090,510**	25,957,813	**11,090,510**	25,957,813
Cashable guaranteed investment certificates	**-**	23,891,200	**-**	23,891,200
	$ 25,480,683	$ 62,788,684	**$ 25,480,683**	$ 62,788,684

About Neovasc

Neovasc is a specialty medical device company that develops, manufactures and markets products for the rapidly growing cardiovascular marketplace. Its products in development include the Tiara™, for the transcatheter treatment of mitral valve disease and the Neovasc Reducer™ for the treatment of refractory angina. The Company also sells a line of advanced biological tissue products that are used as key components in third-party medical products including transcatheter heart valves. For more information, visit: www.neovasc.com.

This news release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws relating to the Company's plans and expectations concerning its business, financial results, trends, litigation and other matters, including the Company's plans, intentions and expectations relating to the CardiAQ litigation and other litigation, its ability to continue as a going concern, its expectations regarding the commercial launch of Reducer, its intention to focus business away from its traditional revenue streams towards development and commercialization of its own products, its expectation that its consulting services revenue will decline in the long term, its expectations with respect to margins and selling expenses, the need for additional financing and other matters. The words "expect", "anticipate", "may", "will", "intend", "believe", "continue", "focusing", "advancing", "trend", and similar words or expressions are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances. Many factors and assumptions could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the conduct or possible outcomes of any actual or threatened legal proceedings, the Company's ability to stay the payment of the awards in the CardiAQ litigation and its ability to successfully appeal the validity of the awards as well as the ruling on inventorship, which are inherently uncertain and which create material uncertainty that casts substantial doubt on the Company's ability to continue as a going concern; the potential impact on the Company's business of an adverse decision in the appeal on the question of inventorship even if the Company prevails on its appeal of the award; potential changes in circumstances relating to the Company's financing requirements, whether as a result of the CardiAQ litigation, unforeseen circumstances or otherwise; the Company's ability to raise additional funding; the potential benefits of the Neovasc Reducer™ and Tiara™ as compared with other products; successful enrollment of patients in studies and trials for the Neovasc Reducer™ and Tiara™; results of the trials and studies for the Neovasc Reducer™ and Tiara™ that meet the Company's expectations; the Company's receipt of any required local and institutional regulatory approvals and the timing and costs of obtaining such approvals; European enrollment in our clinical trials, studies and compassionate use cases and the success of applications in Europe; the Company's ability to protect its intellectual property; changes in business strategy or development plans; existing governmental regulations and changes in, or the failure to comply with, governmental regulations and general economic and business conditions, both nationally and in the regions in which the Company operates. These risk factors and others relating to the Company are discussed in greater detail in the "Risk Factors" section of the Company's Annual Information Form, which is included in its Annual Report on Form 40-F and Management's Discussion and Analysis of Financial Condition and Results of Operations (copies of which filings may be obtained at www.sedar.com or www.sec.gov). These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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